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ENV. Matthew J. Erickson
P.O. Box 118
Postville, IA 52162-0118

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RESTATED MORTGAGE

AND

SECURITY AGREEMENT

Made By And Between

ALLAMAKEE-CLAYTON ELECTRIC COOPERATIVE, INC.

Mortgagor

and

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

Mortgagee

Dated as of April 26, 2004

***

THIS INSTRUMENT GRANTS A SECURITY INTEREST
IN A TRANSMITTING UTILITY.

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS
MADE BY THE MORTGAGEE TO THE MORTGAGOR
AND FUTURE OBLIGATIONS OF THE MORTGAGOR TO THE MORTGAGEE.

***

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS.

THE MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS: 53915

***

THIS INSTRUMENT WAS DRAFTED BY JAMES A. YERGIN, JR.
OF NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 COOPERATIVE WAY, HERNDON, VIRGINA 20171
MORTGAGEE'S TELEPHONE NUMBER IS 1-800-424-2954

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CFC MORTG
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RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of April 26, 2004, ("Mortgage") is made by and between ALLAMAKEE-CLAYTON ELECTRIC COOPERATIVE, INC. (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Iowa, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC" or the "Mortgagee"), a cooperative association incorporated under the laws of the District of Columbia.

RECITALS

WHEREAS, the Mortgagor and CFC are parties to the Original Mortgage;

WHEREAS, the Mortgagor has heretofore borrowed funds from the Mortgagee pursuant to one or more Outstanding Loan Agreements, has duly authorized, executed and delivered to CFC the Outstanding Notes, and has secured the Outstanding Notes by the Original Mortgage;

WHEREAS, this Mortgage, while preserving the priority of CFC's lien under the Original Mortgage, restates and consolidates the Original Mortgage and secures the payment of Outstanding Notes and Current Notes (as identified more particularly in the Instruments Recital), and further secures the payment of any Additional Notes;

WHEREAS, the Mortgagor has decided to borrow funds from the Mortgagee pursuant to the Current Loan Agreement;

WHEREAS, pursuant to the Current Loan Agreement, Mortgagor has duly authorized, executed and delivered to the Mortgagee one or more Current Notes to be secured by the mortgage of the property hereinafter described;

WHEREAS, it is contemplated that the Current Notes, the Outstanding Notes and the Additional Notes shall be secured by this Mortgage; and

WHEREAS, the Mortgagor and the Mortgagee are authorized to enter into this Mortgage.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used in this Mortgage shall have the meanings specified below. Any capitalized terms used in this Mortgage and not defined below or elsewhere herein shall have the meanings assigned to them under the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Accounting Requirements shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Mortgagor or, in the absence thereof, the requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

Additional Notes shall mean any Notes issued by the Mortgagor to CFC pursuant to Article III of this Mortgage including any refunding, renewal, or substitute Notes which may from time to time be executed and delivered by the Mortgagor pursuant to the terms of Article III and all other evidences of indebtedness by the Mortgagor to CFC including but not limited to line of credit agreements, agreements to issue one or more letters of credit on behalf of the Mortgagor, and any similar agreements to extend credit or otherwise to provide credit facilities to the Mortgagor, including all amendments, supplements and extensions thereto.

Business Day shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers are both open for business.

CFC is defined in the recitals to this Mortgage and shall include its successors and assigns.

Current Loan Agreement means that certain loan agreement by and between CFC and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current Notes shall mean all Notes identified as such in the Instruments Recital and issued under the Current Loan Agreement.

Debt Service Coverage Ratio ("DSC") shall mean the ratio determined as follows: for any calendar year add (a) Operating Margins, (b) Non-Operating Margins--Interest, (c) Interest Expense, (d) Depreciation and Amortization Expense for such year, and (e) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest required to be made during such calendar year; provided, however, that in the event that any Long-Term Debt has been refinanced during such year the payments of Principal and Interest required to be made during such year on account of such Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (ii) the payment of Principal and Interest required to be made during the following year on account of such refinancing debt.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagor as computed pursuant to the Accounting Requirements.

Equities and Margins shall mean Mortgagor's equities and margins computed pursuant to the Accounting Requirements.

Equity shall mean the aggregate of Mortgagor's Equities and Margins as computed pursuant to the Accounting Requirements.

Event of Default shall have the meaning specified in Section 5.01 hereof.

Excepted Property shall mean the property, if any, identified on Appendix C hereto.

Fiscal Year shall mean the fiscal year of the Mortgagor.

Instruments Recital shall mean Appendix A hereto.

Interest Expense shall mean an amount constituting the interest expense with respect to Total Long-Term Debt of the Mortgagor as computed pursuant to the Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over two percent (2%) of the Mortgagor's Equities and Margins.

Lien shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

Loan Agreement shall mean, collectively:

a) the Outstanding Loan Agreement;

b) the Current Loan Agreement; and

c) any other loan agreement executed by and between the Mortgagor and CFC in connection with the execution and delivery of any Notes secured hereby.

Long-Term Debt shall mean any amount included in Total Long-Term Debt computed pursuant to the Accounting Requirements.

Long-Term Leases shall mean leases having unexpired terms (taking into account terms of renewal at the option of the lessor, whether or not such leases have previously been renewed) of more than 12 months.

Maximum Debt Limit shall mean the amount more particularly described in Appendix A hereto.

Mortgaged Property shall have the meaning specified in Section 2.01 hereof.

Mortgagee shall mean CFC, its successor and assigns.

Non-Operating Margins–Interest shall mean the amount of non-operating margins--interest of Mortgagor as computed pursuant to the Accounting Requirements.

Note or Notes shall mean one or more of the Current Notes, and any other Outstanding or Additional Notes secured under this Mortgage.

Operating Margins shall mean the net amount of operating revenue and patronage capital less the total cost of electric service of the Mortgagor as computed pursuant to the Accounting Requirements.

Original Mortgage shall mean that certain Restated Mortgage and Security Agreement dated April 1, 1998, entered into between the Mortgagor, RUS, and CFC; and as supplemented, amended or restated, identified in the Instruments Recital.

Outstanding Loan Agreements shall mean those loan agreements between Mortgagor and CFC identified as such in the Instruments Recital.

Outstanding Notes shall mean all Notes identified as such in the Instruments Recital.

Permitted Encumbrances shall mean:

(i) any Liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges due but not yet delinquent;

(ii) Liens for workmen's compensation awards and similar obligations not then delinquent;

(iii) mechanics', laborers', materialmen's and similar Liens not then delinquent, and any such Liens, whether or not delinquent, whose validity is at the time being contested in good faith;

(iv) Liens and charges incidental to construction or current operation which have not been filed or asserted or the payment of which has been adequately secured or which, in the opinion of counsel to the Mortgagor are insignificant in amount;

(v) Liens securing obligations not assumed by the Mortgagor and on account of which it does not pay and does not expect to pay interest, existing upon real estate (or rights in or relating to real estate) over or in respect of which the Mortgagor has a right-of-way or other easement for substation, transmission, distribution or other right-of-way purposes;

(vi) any right which the United States of America or any state or municipality or governmental body or agency may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of, or order the sale of, any property of the Mortgagor upon payment of reasonable compensation therefor, or upon reasonable compensation or conditions to terminate any franchise, license or other rights before the expiration date hereof or to regulate the property and business of the Mortgagor;

(vii) attachment of judgment Liens covered by insurance (to the extent of the insurance coverage), or upon appeal and covered by bond;

(viii) deposits or pledges to secure payment of workmen's compensation, unemployment insurance, old age pensions or other social security;

(ix) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations;

(x) surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business;

(xi) easements or reservations in respect to any property for the purpose of transmission and distribution lines and rights-of-way and similar purposes, zoning ordinances, regulations, reservations, restrictions, covenants, party wall agreements, conditions of record and other encumbrances (other than to secure the payment of money), none of which in the opinion of counsel to the Mortgagor is such as to interfere with the proper operation of the property affected thereby;

(xii) the burdens of any law or governmental organization or permit requiring the Mortgagor to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public land or any river, stream or other waters or relating to environmental matters;

(xiii) any Lien or encumbrance for the discharge of which moneys have been deposited in trust with a proper depository to apply such moneys to the discharge of such Lien or encumbrances;

(xiv) any Lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate made, or existing on property acquired in the ordinary course of business or in connection with Restricted Rentals permitted by Section 4.03; and

(xv) Liens for purchase money indebtedness permitted by Section 4.03.

Principal shall mean the amount of principal billed on account of Total Long-Term Debt of Mortgagor as computed pursuant to the Accounting Requirements.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition, the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of $250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

RUS shall mean the United States of America, acting by and through the Administrator of the Rural Utilities Service, formerly known as the Rural Electrification Administration.

Security Interest shall mean any assignment, transfer, mortgage, hypothecation or pledge.

Subordinated Indebtedness shall mean indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes by subordination agreement in form and substance satisfactory to the Mortgagee, which approval will not be unreasonably withheld.

Total Assets shall mean an amount constituting total assets of the Mortgagor computed pursuant to the Accounting Requirements.

Total Long-Term Debt shall mean an amount constituting the long-term debt of the Mortgagor as computed pursuant to the Accounting Requirements.

Total Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor computed in accordance with the Accounting Requirements.

Uniform Commercial Code shall mean the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage.

Section 1.02. Construction of Mortgage. Accounting terms used in this Mortgage and not referred to above shall have the meanings assigned to them under generally accepted accounting principles. The singular shall include the plural, and vice versa, as the context requires.

ARTICLE II

SECURITY

Section 2.01. Granting Clause. In order to secure the payment of the principal of and interest on and any other amount due under the Notes, according to their tenor and effect, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreement and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, has executed and delivered this Mortgage, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over unto the Mortgagee, and the Mortgagor does hereby grant to the Mortgagee, for the purposes herein expressed, a security interest in the following properties, assets and rights of the Mortgagor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (hereinafter sometimes called the "Mortgaged Property"):

I

All right, title and interest of the Mortgagor in and to the electric generating plants and facilities and electric transmission and distribution lines and facilities now owned by the Mortgagor and located in the counties listed in Appendix B hereto, or hereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including any and all other property of every kind, nature and description, used, useful or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the property described in the property schedule listed on or attached to Appendix B hereto;

II

All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located;

III

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition or operation of electric transmission or distribution lines or systems, or any electric generating plant or plants, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged or pledged;

IV

All right, title and interest of the Mortgagor in, to and under all personal property and fixtures of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, deposit accounts, letter-of-credit rights, investment property (including certificated and uncertificated securities, security entitlements and securities accounts), software, general intangibles, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds (as such terms are defined in the applicable Uniform Commercial Code; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the applicable Uniform Commercial Code rather than Article 3);

V

All right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and

any person, firm or corporation relating to the Mortgaged Property (including contracts for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof);

VI

All right, title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, including, but not limited to: all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

VII

Also, all right, title and interest of the Mortgagor in and to all other property, real or personal, tangible or intangible, of every kind, nature and description, and wheresoever situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or acquired or held by the Mortgagor after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Mortgagor and were specifically described herein to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Provided, however, that no automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) which are titled and/or registered in any state of the United States and owned or used by the Mortgagor shall be included in the Mortgaged Property.

TO HAVE AND TO HOLD all and singular the Mortgaged Property unto the Mortgagee and its assigns forever, to secure equally and ratably the payment of the principal of and interest on and any other amount due under the Notes, according to their tenor and effect, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due performance of the covenants, agreements and provisions herein and in the Loan Agreement contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL SECURED NOTES

Section 3.01. Additional Secured Notes. Without the prior consent of the Mortgagee, the Mortgagor may issue Additional Notes to another lender that Notes will

thereupon be secured equally and ratably with the Notes if the following requirements are satisfied:

(A) As evidenced by a certificate of an independent certified public accountant delivered to the Mortgagee, the Mortgagor shall have achieved (1) for each of the two calendar years preceding, or any two consecutive 12 month periods ending within 180 days preceding the issuance of such Notes, a DSC of not less than 1.35 and (2) Equity of not less than twenty percent (20%) of Total Assets after taking into consideration such new indebtedness and the assets created by such indebtedness; and

(B) No Event of Default or any event that with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing hereunder. The Mortgagor shall also have the right without the consent of the Mortgagee, so long as an Event of Default or any event which with the giving of notice or lapse of time or both would become an Event of Default, has not occurred and is continuing hereunder, to issue Additional Notes for the purpose of refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by any such Additional Note is not greater than 105 percent of the Note being refunded or refinanced.

Notwithstanding the foregoing, CFC may offer additional credit facilities to be secured hereunder, and the Mortgagor may issue Additional Notes to CFC in connection therewith, which Notes will thereupon be secured equally and ratably with the Notes, without the Mortgagor meeting the above requirements.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagee as follows:

Section 4.01. Authority to Execute and Deliver Notes and Mortgage; All Action Taken; Enforceable Obligations. The Mortgagor is authorized under its articles of incorporation and bylaws and all applicable laws and by corporate action to execute and deliver the Notes and this Mortgage; and the Notes and this Mortgage are, and any Additional Notes when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

Section 4.02. Authority to Mortgage Property; No Liens; Exception for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it is the owner of, or has other rights in the Mortgaged Property, that it has good, right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed, and that the Mortgaged Property is free and clear of any Lien affecting the title thereto, except the lien of this Mortgage and Permitted Encumbrances. Except as to Permitted Encumbrances, the Mortgagor will, so long as any of the Notes shall be outstanding, maintain and preserve the lien of this Mortgage superior to all other Liens affecting the Mortgaged Property and will forever warrant and defend the title to the Mortgaged Property against any and all claims and demands. Subject to the provisions of Section 4.03, or unless approved by the Mortgagee, the Mortgagor will purchase all

materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease or other agreement reserving to the seller any right, title or Lien. Except as to Permitted Encumbrances, the Mortgagor will promptly pay or discharge any and all obligations for or on account of which any such Lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, Liens, claims or other charges imposed upon or accruing upon any of the Mortgagor's property (whether taxed to the Mortgagor or to the Mortgagee), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; provided, however, that this provision shall not be deemed to require the payment or discharge of any tax, rate, levy, assessment or other governmental charge while the Mortgagor is contesting the validity thereof by appropriate proceedings in good faith and so long as it shall have set aside on its books adequate reserves with respect thereto.

Section 4.03. Additional Permitted Debt. Except as permitted by Section 3.01 hereunder and the Loan Agreement, the Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt (including Subordinated Indebtedness) other than the following:

(1) Purchase money indebtedness in non-electric utility property, in an amount not exceeding ten percent (10%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater;

(2) Restricted Rentals in an amount not to exceed five percent (5%) of Equity during any 12 consecutive calendar month period;

(3) Unsecured current debt and lease obligations incurred in the ordinary course of business including accounts payable for goods and services; and

(4) Unsecured indebtedness.

Section 4.04. Payment of Notes. The Mortgagor will duly and punctually pay the principal of (premium, if any) and interest on the Notes at the dates and places and in the manner provided therein, and all other sums becoming due hereunder.

Section 4.05. Preservation of Corporate Existence and Franchises. The Mortgagor will, so long as any of the Notes are outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter to be granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or its property.

Section 4.06. Maintenance of Mortgaged Property. So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, ordinary wear and tear and acts of God excepted, and in compliance with all applicable laws, regulations and orders, and will from time to time make all necessary and proper repairs, renewals, and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times

keep its plant and properties in continuous operating condition and use all reasonable diligence to furnish the consumers served by it through the Mortgaged Property, or any part thereof, with an adequate supply of electric energy and other services furnished by the Mortgagor. If any substantial part of the Mortgaged Property is leased by the Mortgagor to any other party, the lease agreement between the Mortgagor and the lessee shall obligate the lessee to comply with the provisions of this Section in respect of the leased facilities and permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

Section 4.07. Insurance; Restoration of Damaged Mortgaged Property. The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor.

The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities, and, with respect to insurance upon any part of the Mortgaged Property, shall provide (unless waived by the Mortgagee) that the insurance shall be payable to the Mortgagee as its interest may appear by means of the standard mortgagee clause without contribution. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least thirty (30) days after written notice to the Mortgagee of cancellation.

In the event of damage to or the destruction or loss of any portion of the Mortgaged Property, unless the Mortgagee shall otherwise agree, the Mortgagor shall promptly replace or restore such damaged, destroyed or lost portion so that the Mortgaged Property shall be in substantially the same condition as it was in prior to such damage, destruction or loss, and shall apply the proceeds of the insurance for that purpose.

Sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by the Mortgagee for any loss under such policy or bond shall, unless otherwise directed by the Mortgagee, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such notes and installments thereof as may be designated by the Mortgagee at the time of any such prepayment), or be used to construct or acquire facilities which will become part of the Mortgaged Property. At the request of the Mortgagee, the Mortgagor shall exercise such rights and remedies which it may have under such policy or fidelity bond and which may be designated by the Mortgagee, and the Mortgagor hereby irrevocably appoints the Mortgagee as its agent to exercise such rights and remedies under such policy or bond as the Mortgagee may choose, and the Mortgagor shall pay all costs and expenses incurred by the Mortgagee in connection with such exercise.

Section 4.08. Mortgagee Right to Expend Money to Protect Mortgaged Property. The Mortgagor agrees that the Mortgagee from time to time hereunder may in its sole discretion, but shall not be obligated to, after having given five (5) Business Days prior written notice to Mortgagor, advance funds on behalf of Mortgagor, in order to insure Mortgagor's compliance with any covenant, warranty, representation or agreement of

Mortgagor made in or pursuant to this Mortgage or any Loan Agreement, to preserve or protect any right or interest of the Mortgagee in the Mortgaged Property or under or pursuant to this Mortgage or any Loan Agreement, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of Mortgagor; provided, however, that the making of any such advance by the Mortgagee shall not constitute a waiver by the Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. Notwithstanding the foregoing, if, in the sole discretion of Mortgagee, a situation arises which requires immediate action by Mortgagee to preserve and protect any of the Mortgaged Property given to secure the obligations secured by this Mortgage, Mortgagee shall be free to take such action as it reasonably deems appropriate to preserve and protect such Mortgaged Property without delivery of prior written notice to Mortgagor, or if such notice has been delivered, without waiting for the expiration of the aforementioned grace period. The Mortgagor shall pay to the Mortgagee upon demand all such advances made by the Mortgagee with interest thereon at a rate equal to the Mortgagee's rate at such time for short-term loans but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by this Mortgage.

Section 4.09. Further Assurances to Confirm Security of Mortgage. Upon the written request of the Mortgagee, the Mortgagor shall promptly make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements and amendments thereto (including continuation statements), security agreements, pledge agreements, stock powers or other such instruments of transfer or assignment duly executed in blank, stock certificates or other securities representing any of the Mortgaged Property, instruments (including any promissory notes held or acquired by the Mortgagor, duly endorsed and assigned to the Mortgagee) and conveyances as may reasonably be requested by the Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any or all of the Mortgaged Property. The Mortgagor will cause this Mortgage and any and all supplemental indentures of mortgage, mortgages and deeds of trust and every security agreement, financing statement, amendment thereto (including continuation statements) and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and re-recorded and re-filed as conveyances and mortgages and deeds of trust of and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by the Mortgagee in order to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any or all of the Mortgaged Property.

Section 4.10. Application of Proceeds from Condemnation. In the event that the Mortgaged Property or any part thereof shall be taken under the power of eminent domain, all proceeds and avails therefrom may be used to finance construction of facilities secured or to be secured by this Mortgage. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than principal of or interest on the Notes; second, to the ratable payment

of interest which shall have accrued on the Notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the Mortgagee at the time of any such payment; and fourth, the balance shall be paid to Mortgagor or whoever shall be entitled thereto.

Section 4.11. Compliance with Loan Agreement. The Mortgagor will observe and perform all of the covenants, agreements, terms and conditions contained in any Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended.

Section 4.12. Rights of Way, etc. The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from lien holders as shall be necessary or advisable in the conduct of its business, and, if requested by the Mortgagee, deliver to the Mortgagee evidence satisfactory to it that it has obtained such rights of way, easements or releases.

Section 4.13. Mortgagor's Legal Status. (a) The Mortgagor represents, warrants, covenants and agrees that: (i) the Mortgagor's exact legal name is that indicated on the signature page hereof, (ii) the Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof, (iii) the cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none and (iv) Section 7.04 hereof accurately sets forth the Mortgagor's place of business or, if more than one, its chief executive office as well as the Mortgagor's mailing address if different.

(b) (i) The Mortgagor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, without providing prior written notice to the Mortgagee at least thirty (30) days prior to the effective date of any change, (ii) if the Mortgagor does not have an organizational identification number and later obtains one, the Mortgagor will promptly notify the Mortgagee of such organizational identification number and (iii) the Mortgagor will not change its type of organization, jurisdiction of organization or other legal structure without the prior written consent of the Mortgagee.

Section 4.14. Authorization to File Financing Statements. The Mortgagor hereby irrevocably authorizes the Mortgagee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Mortgaged Property (i) as all assets of the Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to the Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for the Mortgagee to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

Section 4.15. Other Actions Concerning Mortgaged Property. The Mortgagor will take any other action reasonably requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's lien on and security interest in any and all of the Mortgaged Property including, without limitation (a) complying with any provision of any statute, regulation or treaty of the United States as to any Mortgaged Property if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Mortgagee to enforce, the Mortgagee's security interest in such Mortgaged Property, (b) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Mortgaged Property, (c) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Mortgagee and (d) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

ARTICLE V

REMEDIES OF THE MORTGAGEE

Section 5.01. Events of Default: Each of the following shall be an "Event of Default":

(a) Payments. Failure of Mortgagor to make any payment of any installment of or on account of interest on or principal of (or premium, if any associated with) any Note or Notes for more than five (5) Business Days after the same shall be required to be made, whether by acceleration or otherwise;

(b) Other Covenants. Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor, in any of the Notes, the Loan Agreement or in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default shall have been given to the Mortgagor by the Mortgagee;

(c) Bankruptcy. The Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization, or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;

(d) Dissolution or Liquidation. Other than as provided in subsection (c) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days;

(e) Corporate Existence. The Mortgagor shall forfeit or otherwise be deprived of its corporate charter or franchises, permits, easements, or licenses required to carry on any material portion of its business;

(f) Final Judgment. A final judgment in excess of $100,000 shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days;

(g) Representations and Warranties. Any representation or warranty made by the Mortgagor herein, in the Loan Agreement or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect; or

(h) Other Obligations. Default by the Mortgagor in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

(a) Defaults. If an Event of Default described in Section 5.01 shall have occurred and be continuing, the Mortgagee may declare the principal of, and any other amounts due on account of, the Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(b) Rescission and Annulment. If at any time after the unpaid principal of (premium, if any) and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the Mortgagee, and all other defaults hereunder and under the Notes shall have been made good and secured to the satisfaction of the Mortgagee, then and in every such case, the Mortgagee may, by written notice to the Mortgagor, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 5.03. Remedies of Mortgagee. If one or more of the Events of Default shall occur and be continuing, the Mortgagee personally or by attorney, in its discretion, may, to the fullest extent permitted by law:

(a) Possession; Collection. Take immediate possession of the Mortgaged Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagor and all rents, income, revenues and profits pertaining to or arising from the Mortgaged Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in

possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(b) Enforcement; Receiver. Proceed to protect and enforce the rights of the Mortgagee by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in aid of the execution of any power herein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, or any part thereof, or to collect the debt hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit, the Mortgagee shall have the right to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues and profits pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may make said appointment; and

(c) Auction. Sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction at such place in any county in which the property to be sold, or any part thereof, is located, at such time and upon such terms as may be specified in a notice of sale, which notice shall comply with all applicable law. Subject to all applicable provisions of law, any sale to be made under this subparagraph (c) of this Section 5.03 may be adjourned from time to time by announcement at the time and place appointed for such sale, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned.

Section 5.04. Application of Proceeds from Remedial Actions. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; and the balance, if any, shall be paid to the Mortgagor or whosoever shall be lawfully entitled thereto.

Section 5.05. Remedies Cumulative; No Election. Every right or remedy herein conferred upon or reserved to the Mortgagee shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

Section 5.06. Waiver of Appraisement Rights. The Mortgagor, for itself and all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated, and the Mortgagor, for itself and all who may claim through or under it, hereby waives the benefit of all such laws unless such waiver shall be forbidden by law.

Section 5.07. Notice of Default. The Mortgagor covenants that it will give immediate written notice to the Mortgagee of the occurrence of an Event of Default.

ARTICLE VI

POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

Section 6.01. Possession Until Default. Until some one or more of the Events of Default shall have happened, the Mortgagor shall be suffered and permitted to retain actual possession of the Mortgaged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

Section 6.02. Defeasance. If the Mortgagor shall pay or cause to be paid the whole amount of the principal of (premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder and under the Loan Agreement and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee shall thereupon cease, determine and become void and the Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, the Mortgagee, upon payment in full by the Mortgagor of all principal of (premium, if any) and interest on the Notes and the payment and discharge by the Mortgagor of all charges due hereunder or under the Loan Agreement, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines or other electric or non-electric systems and facilities embraced in the Mortgaged Property, including, without limitation, all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 7.02. Mortgage to Bind and Benefit Successors and Assigns. All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagee shall pass to and inure to the benefit of the successors and assigns of the Mortgagee. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by the Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of the Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 7.03. Headings. The descriptive headings of the various articles of this Mortgage were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 7.04. Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Mortgage shall be given or made in writing (including, without limitation, by telecopy) and delivered or telecopied to the intended recipient at the "Address for Notices" specified, or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Mortgage, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Addresses for Notices of the respective parties are as follows:

As to the Mortgagor:

P.O. Box 715
Postville, IA 52162-0715
Attention: General Manager
Fax: (563) 864-7820.

As to the Mortgagee:

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President - Member Services
Fax: (703) 709-6776

Section 7.05. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

Section 7.06 Mortgage Deemed Security Agreement. To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the Uniform Commercial Code, this Mortgage is hereby deemed a "security agreement", a "financing statement" and a "fixture filing" under the Uniform Commercial Code. The

Mortgagor herein is the "debtor" and the Mortgagee herein is the "secured party." The mailing addresses of the Mortgagor as debtor and of the Mortgagee as secured party are as set forth in Section 7.04 hereof. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

Section 7.07. Indemnification by Mortgagor of Mortgagee. The Mortgagor agrees to indemnify and save harmless the Mortgagee against any liability or damages which the Mortgagee may incur or sustain in the exercise and performance of its rightful powers and duties hereunder. The obligation of Mortgagor to reimburse and indemnify the Mortgagee hereunder shall be secured by this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee with interest at the rate specified in Section 4.08 hereof.

Section 7.08. Counterparts. This Mortgage may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

Section 7.09. Costs and Expenses: Mortgagor agrees to pay and be liable for any and all expenses, including, but not limited to reasonable attorney's fees, court costs, receiver's fees, costs of advertisement and agent's compensation, incurred by Mortgagee in exercising or enforcing any of its rights hereunder. Such sums shall be secured hereby and shall be payable forthwith, with interest thereon at the rate specified in Section 4.08 hereof.

IN WITNESS WHEREOF, ALLAMAKEE-CLAYTON ELECTRIC COOPERATIVE, INC., the Mortgagor, has caused this Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

ALLAMAKEE-CLAYTON ELECTRIC COOPERATIVE, INC.

By: _____

Title: President

Attest: _____

Title: Secretary

Executed by the Mortgagor
in the presence of:

_____

_____
Witnesses

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

Attest: _____

Title: Assistant Secretary Treasurer
Assistant Secretary - Treasurer

Executed by the Mortgagee
in the presence of:

_____ Robert D. Stephens

_____ Bryan Russell
Witnesses

Appendix A - Instruments Recital

The Maximum Debt Limit referred to in Section 1.01 is $25,000,000.00

The instruments referred to in the preceding recitals are as follows:

1. "Original Mortgage":

Mortgage Type	Mortgage Date
Restated Mortgage and Security Agreement	April 1, 1998

2. "Current Loan Agreement" is that loan agreement dated as of even date herewith.

3. "Current Notes":

Loan Designation	*Loan Amount*	*Note Date*	*Maturity Date*
IA074-A-9014	$10,000,000.00	As of even date herewith.	Forty years from the date hereof.

4. "Outstanding Loan Agreement" are those loan agreements dated as of: 01/16/1978; 06/25/1982; 03/26/1990; 04/01/1998; and 06/25/2003

5. "Outstanding Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
IA074-C-9004	$1,162,000.00	January 1, 1978	January 16, 2013
IA074-C-9010	$1,287,000.00	June 25, 1982 substituted August 8, 1983	September 25, 2017
IA074-C-9011	$850,000.00	March 26, 1990	March 26, 2025
IA074-A-9012	$4,175,710.00	April 1, 1998	April 1, 2033
IA074-A-9013	$3,298,391.65	June 25, 2003	June 25, 2017

Appendix B

(a) The Mortgaged Property is located in the Counties of Allamakee, Bremer, Chickasaw, Clayton, Delaware, Dubuque, Fayette and Winneshiek in the State of Iowa.

(b) The property referred to in the Granting Clause includes the following:

SEE ATTACHED PROPERTY SCHEDULE

PROPERTY SCHEDULE

The following real property is owned by Allamakee-Clayton Electric Cooperative, Inc.

1. A certain tract of land described in a certain deed, dated May 3, 1946, by the Incorporated Town of Postville, Iowa, a town duly incorporated under the laws and statutes of the State of Iowa and located in Allamakee County, State of Iowa, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book Z, on Page 400, of Town Lot Deed Records.

2. A certain tract of land described in a certain deed, dated June 30, 1949, by Joseph J. Braun and Lillian Braun, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book A-1, on Page 367, of Town Lot Deed Records.

3. A certain tract of land described in a certain deed, dated August 9, 1969, by Aurelia Schultz, a widow and single person, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book A-12, on Page 81, of Town Lot Deed Records.

4. A certain tract of land described in a certain deed, dated August 29, 1969, by Douglas Dean Ruckdaschel and Kay Helen Ruckdaschel, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book A-12, on Page 131, of Town Lot Deed Records.

5. A certain tract of land described in a certain deed, dated April 12, 1977, by Ruth B. Douglass, a single person, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book A-19, on Page 171, of Town Lot Deed Records.

6. A certain tract of land described in a certain deed, dated November 17, 1972, by Dairyland Power Cooperative, a cooperative association organized and existing under and by virtue of Chapter 185 of the Wisconsin Statutes, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Clayton County, in the State of Iowa, in Book 138, on Pages 230 and 231, in Land Deed Records.

7. A certain tract of land described in a certain deed, dated January 29, 1946, by Ella F. Humphry, a widow and single person, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Fayette County, in the State of Iowa, in Book 117, on Page 378, of Land Deed Records.

8. A certain tract of land described in a certain deed, dated November 6, 1992, by Aaron Burr Cook and Helene E. Cook, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Allamakee County, in the State of Iowa, in Book A-35, on Page 423, of Town Lot Deed Records.

The Existing Electric Facilities are located in the following counties:

Allamakee, Clayton, Fayette, Winneshiek, Delaware, Dubuque, Bremer and Chickasaw Counties, all in the State of Iowa.

Appendix C -Excepted Property

NONE

STATE OF IOWA)
) SS
COUNTY OF ALLAMAKEE)

On this 26th day of April, 2004, before me appeared Roger Arthur and Duane L. Klink personally known by me and, having been duly sworn by me, did say that they are the President and Secretary, respectively, of Allamakee-Clayton Electric Cooperative, Inc., an Iowa corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said Roger Arthur and Duane L. Klink acknowledged that the execution of said instrument was a free act and deed of said corporation.

IN WITNESS whereof, I have hereunto set my hand and official seal the day and year last above written.

MATTHEW J. ERICKSON
Commission Number 108649
My Commission Expires
August 31, 2004

(Notarial Seal)

Notary Public

My commission expires:

8-31-2004

COMMONWEALTH OF VIRGINIA)
) SS
COUNTY OF FAIRFAX)

BEFORE ME, a Notary Public, in and for the Commonwealth of Virginia, appeared in person CHARLES WICKEN, Assistant Secretary-Treasurer of National Rural Utilities Cooperative Finance Corporation, a cooperative association incorporated under the laws of the District of Columbia, to me personally known, and known to be the identical person who subscribed the name of said corporation to the foregoing instrument, being by me duly sworn, and who stated that she/he is duly authorized to execute the foregoing instrument on behalf of said corporation, and further stated and acknowledged that she/he executed the foregoing instrument as a free and voluntary act and deed of said corporation for the consideration therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 14th day of April 04.

TRISA NEAL
NOTARY PUBLIC
COMMONWEALTH OF VIRGINIA

(Notarial Seal)

Notary Public

My commission expires: 3/31/07